

**S.E.C. RULE 15c2-12
ANNUAL REPORT
FISCAL YEAR ENDED JUNE 30, 1997**

The State of California (the "State"), acting by and through the State Treasurer of the State of California, hereby provides its annual report for the fiscal year ended June 30, 1997 in connection with the following:

Bond Issues

State Public Works Board of the State of California Lease Revenue Bonds (the "Bonds") as listed on the attached Exhibit 1. Also listed on Exhibit 1 are the dates of the Continuing Disclosure Agreements (the "Disclosure Agreements") executed by the State in connection with each issue of the Bonds and the dated dates for each issue.

Note: The base CUSIP numbers provided in Exhibit 1 are for the convenience of Bondholders. The State Treasurer's Office is not responsible for the accuracy or completeness of such numbers.

Annual Report

The State's "annual report" (as defined in the Disclosure Agreements for the Bonds) for the fiscal year ended June 30, 1997 consists of:

1. Financial information contained in Appendix A of the Preliminary Official Statement, dated March 13, 1998, with respect to \$115,015,000 of State Public Works Board of the State of California Lease Revenue Bonds (Department of Corrections Emergency Bed Program) 1998 Series A (the "March 13, 1998 Preliminary Official Statement"), which information is incorporated herein by reference. A copy of the March 13, 1998 Preliminary Official Statement has previously been filed with each of the Nationally Recognized Municipal Securities Information Repositories and is available from any of them.
2. Information relating to the outstanding debt of the State Public Works Board as set forth in Exhibit 2 attached hereto.
3. Information concerning the status of construction of the Projects financed by the The Regents of the University of California, 1997 Series C, Various University of California Projects bonds as set forth in Exhibit 3 attached hereto.
4. Financial information relating to the The Regents of the University of California for the fiscal year ended June 30, 1997, including the table in the Official Statement dated November 18, 1997, entitled "University of California Current Funds Expenditures and Resources Utilized," as set forth in Exhibit 4. To access Exhibit 4, visit the following website:
<http://www.ucop.edu/ucophome/cao/reports/1997>.

5. In addition, as part of this Annual Report, the Board confirms that the insurance required by each of the Facility Leases relating to each issue of Bonds listed above is in effect.

Other Matters

This annual report is provided solely for purposes of the Disclosure Agreements. The filing of this report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial, operating or other information about the State or the Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the fiscal year to which this report relates (other than as referred to in this report), or that no other information exists, which may have a bearing on the State's financial condition, the security for the Bonds, or an investor's decision to buy, sell, or hold the Bonds. The information contained in this report has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this annual report should be construed as a prediction or representation about future financial performance of the State.

The information provided herein may relate to bonds or other obligations of the Board in addition to the ones listed above.

Dated: March 26, 1998

State of California

By L. Steven Spears
 Deputy State Treasurer

Exhibit 1

Name of Issue	Dated Date	Date of Continuing Disclosure Agreement
State Public Works Board of the State of California Lease Revenue Refunding Bonds (Department of Veterans Affairs) 1997 Series A (Southern California Veterans Home - Barstow Facility)	12/1/97	12/10/97
State Public Works Board of the State of California Lease Revenue Refunding Bonds (Department of Corrections) 1997 Series C (California State Prison - Del Norte)	12/1/97	12/10/97
State Public Works Board of the State of California Lease Revenue Refunding Bonds (Department of Corrections) 1997 Series B (California State Prison - Corcoran)	12/1/97	12/10/97
State Public Works Board of the State of California Lease Revenue Refunding Bonds (Department of Corrections) 1997 Series A (California State Prison - Amador County)	12/1/97	12/10/97
State Public Works Board of the State of California Lease Revenue Bonds (The Regents of the University of California) 1997 Series C (Various University of California Projects)	12/1/97	12/10/97
State Public Works Board of the State of California Lease Revenue Bonds 1997 Series A (California Science Center)	12/1/97	12/1/97
State Public Works Board of the State of California Lease Revenue Bonds (Trustees of The California State University) 1997 Series C (Various California State University Projects)	11/1/97	11/13/97
State Public Works Board of the State of California Lease Revenue Bonds (California Community Colleges) 1997 Series A (Various Community College Projects)	4/1/97	4/1/97
State Public Works Board of the State of California Lease Revenue Refunding Bonds (Department of Corrections) 1997 Series D (California State Prisons - Imperial County)	2/1/97	3/18/97
State Public Works Board of the State of California Lease Revenue Refunding Bonds (The Regents of the University of California) (Various University of the California Projects) 1997 Series A	2/1/97	3/18/97

Exhibit 1
- continued -

Name of Issue	Dated Date	Date of Continuing Disclosure Agreement
State Public Works Board of the State of California Lease Revenue Refunding Bonds (The Regents of the University of California) (Various University of the California Projects) 1997 Series B	2/1/97	3/18/97
State Public Works Board of the State of California Lease Revenue Refunding Bonds (Trustees of The California State University) (Various California State University Projects) 1997 Series A	2/1/97	3/18/97
State Public Works Board of the State of California Lease Revenue Refunding Bonds (Trustees of The California State University) (Various California State University Projects) 1997 Series B	2/1/97	3/18/97
State Public Works Board of the State of California Lease Revenue Refunding Bonds (Department of Corrections) 1996 Series C (California State Prisons - Imperial County)	11/1/96	11/6/96
State Public Works Board of the State of California Lease Revenue Refunding Bonds (California Community Colleges) 1996 Series D (Various Community College Projects)	10/1/96	11/6/96
State Public Works Board of the State of California Lease Revenue Refunding Bonds (Department of Corrections) 1996 Series D (California State Prisons - Monterey County (Soledad II))	10/1/96	11/6/96
State Public Works Board of the State of California Lease Revenue Refunding Bonds 1996 Series A (Secretary of State and State Archives Building Complex)	10/1/96	11/6/96
State Public Works Board of the State of California Lease Revenue Refunding Bonds (The Trustees of the California State University) 1996 Series A (Various California State University Projects)	9/1/96	10/22/96
State Public Works Board of the State of California Lease Revenue Refunding Bonds (California Community Colleges) 1996 Series C (Various Community College Projects)	9/1/96	10/22/96

Exhibit 1
- continued -

Name of Issue	Dated Date	Date of Continuing Disclosure Agreement
State Public Works Board of the State of California Lease Revenue Refunding Bonds (California Community Colleges) 1996 Series B (Various Community College Projects)	9/1/96	10/10/96
State Public Works Board of the State of California Lease Revenue Refunding Bonds (Department of Corrections) 1996 Series B (California State Prison - Monterey County (Soledad II))	9/1/96	10/10/96
State Public Works Board of the State of California Energy Efficiency Revenue Bonds, Series 1996A	9/1/96	9/18/96
State Public Works Board of the State of California Lease Revenue Bonds (Department of Corrections) 1996 Series A (California Substance Abuse Treatment Facility and State Prison at Corcoran (Corcoran II))	4/1/96	5/14/96
State Public Works Board of the State of California Lease Revenue Bonds (California Community Colleges) 1996 Series A (Various Community College Projects)	4/1/96	4/1/96
State Public Works Board of the State of California Energy Efficiency Revenue Refunding Bonds, Series 1995B	9/1/95	9/1/95
State Public Works Board of the State of California Lease Revenue Refunding Bonds (Trustees of The California State University) 1995 Series B (Long Beach and San Luis Obispo Projects)	9/1/95	9/1/95
State Public Works Board of the State of California Lease Revenue Bonds 1995 Series A (Department of Justice Building)	5/1/95	5/1/95
State Public Works Board of the State of California Lease Revenue Bonds (The Trustees of The California State University) 1995 Series A (Various California State University Projects)	4/1/95	5/4/95
State Public Works Board of the State of California Energy Efficiency Revenue Bonds, Series 1995A	4/1/95	4/19/95

Exhibit 1
- continued -

The base CUSIP numbers for the State Public Works Board issues listed above, except for Energy Efficiency Revenue Bonds, are 13068G - _ _ _ and 13068H - _ _ _.

The base CUSIP number for the State Public Works Board of the State of California Energy Efficiency Revenue Bonds is 130677 - _ _ _.

Exhibit 2

1. Information relating to outstanding debt of the Board (see also Appendix A of the Preliminary Official Statement dated March 13, 1998 at pages A-3 to A-14):
 - a) As of March 1, 1998, the Board had unused authorization to issue an additional \$1,410,364,000 of lease revenue bonds. As of that date, the Pooled Money Investment Board had approved interim loans relating to these authorized projects totaling \$211,399,150.
 - b) Following is a table showing the total outstanding bonds of the Board secured by the Master Indenture Reserve Fund.

Exhibit 2 Continued
STATE PUBLIC WORKS BOARD OF THE STATE OF CALIFORNIA
LEASE REVENUE BONDS SECURED BY THE RESERVE FUND
UNDER THE MASTER INDENTURE⁽¹⁾
(Principal Outstanding as of March 1, 1998)

California Community Colleges (six issues) ⁽²⁾	\$ 412,030,000
Department of Corrections (six issues) ⁽³⁾	1,242,558,767
The Regents of the University of California (five issues) ⁽⁴⁾	435,770,000
The Trustees of the California State University (four issues) ⁽⁵⁾	342,490,000
State Buildings (two issues)	<u>100,575,000</u>
Total	<u>\$ 2,533,423,767</u>

(1) As of March 1, 1998 the Reserve Fund Requirement and the Reserve Fund balance under the provisions of the Master Indenture were \$58,963,391.

(2) Includes \$77,835,000 of incorporated bonds

(3) Includes two issues totaling \$485,810,000 of incorporated bonds.

(4) Includes \$173,075,000 of incorporated bonds.

(5) Includes \$125,285,000 of incorporated bonds.

SOURCE: State of California, Office of the State Treasurer

Exhibit 2
- continued -

2. Additional information relating to certain issues of bonds covered by this Annual Report:

- a) Issue: California Community Colleges, 1996 Series A
 California Community Colleges, 1997 Series A.
- Project Status: All equipment has been ordered. Although certain items have not yet been received, the districts are making base rental payments nonetheless.
-
- b) Issue: Energy Efficiency Revenue Bonds, Series 1995A
- Project Status: 15 energy service projects completed (relating to approximately 91% of par value).
- 1 energy service project to be completed by July, 1999 (relating to approximately 9% of par value)
- Energy service contract payments are being made on all projects
-
- c) Issue: Energy Efficiency Revenue Bonds, Series 1996A
- Project Status: 9 energy service projects completed (relating to approximately 67% of par value)
- 1 energy service project to be completed by June, 1998 (relating to approximately 3% of par value).
- 1 energy service project to be completed by July, 1998 (relating to approximately 2% of par value).
- 1 energy service project to be completed by August, 1998 (relating to approximately 4% of par value).
- 1 energy service project to be completed by September, 1998 (relating to approximately 4% of par value).
- 1 energy service project to be completed by October, 1998 (relating to approximately 4% of par value).

Exhibit 2
- continued -

1 energy service project to be completed by February, 1999
(relating to approximately 4% of par value).

1 energy service project to be completed by July, 1999
(relating to approximately 8% of par value).

1 energy service project to be completed by November, 1999
(relating to approximately 4% of par value).

Energy service contract payments are being made on all
projects.

Exhibit 3

1. Information concerning the status of construction of the Projects financed by the The Regents of the University of California, 1997 Series C, Various University of California Projects bonds.

a) Project Status: 10 projects completed (relating to approximately 55% of par value)

1 project to be completed by May, 1998 (relating to approximately 18% of par value)

1 project to be completed by July, 1998 (relating to approximately 10% of par value)

2 projects to be completed by March, 1999 (relating to approximately 17% of par value)

Project payments are being made as scheduled.

The following tables are from the Official Statement dated November 18, 1997.

Exhibit 4
- continued -

FINANCIAL INFORMATION

As shown on the following tables, legislative appropriations and other amounts from the State's General Fund accounted for 20.4%, or approximately \$2.2 billion, of the University's total operating budget for the year ended June 30, 1997. Such State funds have decreased from 22.2% to 20.4% of the University's revenues during the most recent five fiscal years. Other significant sources of funds for the University include receipts from sales, services, grants and amounts paid under other contracts from the federal government, and student fees and tuition.

The following table shows University of California Current Funds Expenditures and Resources Utilized, Years Ended June 30, 1993 through June 30, 1997.

Exhibit 4
- continued -

UNIVERSITY OF CALIFORNIA
CURRENT FUNDS EXPENDITURES AND RESOURCES UTILIZED
Years Ended June 30, 1993 Through June 30, 1997 (Unaudited)
(dollars in thousands)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
EXPENDITURES					
Instruction	\$1,668,175	\$1,628,533	\$1,719,757	\$1,820,408	\$1,931,236
Research	1,328,030	1,366,770	1,441,584	1,517,738	1,586,533
Public Service	153,677	160,649	170,954	190,868	206,829
Academic Support	645,784	675,773	756,749	820,715	819,294
Teaching Hospitals	1,627,666	1,633,995	1,647,617	1,865,925	1,958,461
Student Services	225,306	221,197	240,553	247,881	257,889
Institutional Support	384,722	387,704	407,361	473,602	442,233
Operation and Main- tenance of Plant	262,479	250,836	257,329	276,658	286,833
Student Financial Aid	322,433	341,574	381,844	402,440	422,148
Auxiliary Enterprises	<u>412,377</u>	<u>412,567</u>	<u>440,383</u>	<u>461,030</u>	<u>475,053</u>
	\$7,030,649	\$7,079,598	\$7,464,131	\$8,077,265	\$8,386,509
Major Department of Energy Laboratories	<u>2,475,369</u>	<u>2,393,325</u>	<u>2,363,543</u>	<u>2,253,663</u>	<u>2,537,056</u>
	<u>\$9,506,018</u>	<u>\$9,472,923</u>	<u>\$9,827,674</u>	<u>\$10,330,928</u>	<u>\$10,923,565</u>
RESOURCES UTILIZED					
State of California:					
Appropriations and other general funds	\$2,111,437	\$1,973,543	\$1,957,022	\$2,129,590	\$2,225,326
Contracts	72,818	83,824	88,421	94,294	105,040
United States of America:					
Grants	826,836	854,928	908,674	936,718	951,769
Contracts	118,789	115,635	128,738	142,500	138,094
Appropriations	15,751	17,829	16,546	19,336	15,881
Student Fees and Tuition	640,191	703,928	821,335	821,274	857,112
Sales and Services:					
Teaching Hospitals	1,570,591	1,577,936	1,609,225	1,818,182	1,908,276
Educational Activities	548,636	598,050	632,323	700,508	702,217
Auxiliary Enterprises	403,502	404,282	432,043	452,147	468,986
Private Gifts, Grants, and Contracts	337,607	345,038	391,055	417,998	465,061
Endowments	118,956	127,064	130,828	144,092	157,878
Local Government	70,122	76,596	92,095	98,437	101,018
Other Sources	<u>195,413</u>	<u>200,945</u>	<u>255,826</u>	<u>302,189</u>	<u>289,851</u>
	\$7,030,649	\$7,079,598	\$7,464,131	\$8,077,265	\$8,386,509
Major Department of Energy Laboratories	<u>2,475,369</u>	<u>2,393,325</u>	<u>2,363,543</u>	<u>2,253,663</u>	<u>2,537,056</u>
	<u>\$9,506,018</u>	<u>\$9,472,923</u>	<u>\$9,827,674</u>	<u>\$10,330,928</u>	<u>\$10,923,565</u>

Exhibit 4
- continued -

UNIVERSITY OF CALIFORNIA
CURRENT FUNDS EXPENDITURES AND RESOURCES UTILIZED
Years Ended June 30, 1993 Through June 30, 1997 (Unaudited)
(continued)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
EXPENDITURES					
Instruction	17.6%	17.2%	17.5%	17.6%	17.7%
Research	14.0	14.4	14.7	14.7	14.5
Public Service	1.6	1.7	1.7	1.8	1.9
Academic Support	6.8	7.1	7.7	7.9	7.5
Teaching Hospitals	17.1	17.3	16.8	18.1	17.9
Student Services	2.4	2.3	2.4	2.4	2.4
Institutional Support	4.0	4.1	4.1	4.6	4.1
Operation and Main- tenance of Plant	2.8	2.6	2.6	2.7	2.6
Student Financial Aid	3.4	3.6	3.9	3.9	3.9
Auxiliary Enterprises	<u>4.3</u>	<u>4.4</u>	<u>4.5</u>	<u>4.5</u>	<u>4.3</u>
	74.0%	74.7%	75.9%	78.2%	76.8%
Major Department of Energy Laboratories	<u>26.0</u>	<u>25.3</u>	<u>24.1</u>	<u>21.8</u>	<u>23.2</u>
	100.0%	100.0%	100.0%	100.0%	100.0%
RESOURCES UTILIZED					
State of California:					
Appropriations and other general funds	22.2%	20.8%	19.9%	20.6%	20.4%
Contracts 0.8	0.9	0.9	0.9	1.0	
United States of America:					
Grants	8.7	9.0	9.2	9.1	8.7
Contracts 1.2	1.2	1.3	1.4	1.3	
Appropriations	0.2	0.2	0.2	0.2	0.1
Student Fees and Tuition	6.7	7.4	8.4	7.9	7.8
Sales and Services:					
Teaching Hospitals	16.5	16.7	16.4	17.6	17.5
Educational Activities	5.8	6.3	6.4	6.8	6.4
Auxiliary Enterprises	4.2	4.3	4.4	4.4	4.3
Private Gifts, Grants, and					
Contracts 3.6	3.7	4.0	4.0	4.3	
Endowments	1.3	1.3	1.3	1.4	1.4
Local Government	0.7	0.8	0.9	1.0	0.9
Other Sources	<u>2.1</u>	<u>2.1</u>	<u>2.6</u>	<u>2.9</u>	<u>2.7</u>
	74.0%	74.7%	75.9%	78.2%	76.8%
Major Department of Energy Laboratories	<u>26.0</u>	<u>25.3</u>	<u>24.1</u>	<u>21.8</u>	<u>23.2</u>
	100.0%	100.0%	100.0%	100.0%	100.0%

Exhibit 4
- continued -

INDEBTEDNESS OF THE REGENTS

The Regents has outstanding various revenue bonds and other obligations, as listed below, maturing from 1998 through 2026. These special obligations are secured by and payable from revenues of the facilities financed, investment income, student fees and rental payments. In October 1996, The Regents established its commercial paper program in an amount not to exceed \$550 million outstanding. As of December 31, 1997, all \$550 million of commercial paper was issued and outstanding. In addition, The Regents had outstanding loans and private placements with various financial institutions of approximately \$309 million as of December 31, 1997.

The following table lists the outstanding public indebtedness of The Regents as of December 31, 1997.

Exhibit 4
- continued -

OBLIGATIONS ISSUED AND OUTSTANDING
as of December 31, 1997 (dollars in thousands)

	Amount <u>Issued</u>	Amount <u>Outstanding</u>
University of California Housing System	\$255,175	\$229,290
Irvine Parking System, Series A	14,875	490
Davis Memorial Union	2,600	1,150
Telephone and Telecommunications Systems		
1987 Refunding Certificates of Participation	40,430	5,770
Multiple Purpose Projects		
1989 Series: Revenue Bonds Series B	186,000	5,680
Refunding Revenue Bonds Series C	474,445	473,270
1991 Series: Refunding Revenue Bonds Series A	359,035	49,825
Refunding Revenue Bonds Series B	170,705	164,075
Refunding Revenue Bonds Series C	300,525	296,185
Revenue Bonds Series D	307,525	24,265
Refunding Revenue Bonds Series E	283,930	283,930
Hospital Revenue Bonds		
UCLA Medical Center, Series 1990	35,000	595
UCLA Medical Center, Series 1994, Refunding Revenue Bonds	136,530	125,630
UC Davis Medical Center, Series 1996	345,880	345,880
Seismic Safety Projects, Series 1990	50,000	845
Faculty Mortgage Revenue Bonds		
Series 1979	25,000	6,900
Series 1987	21,750	5,030
UCLA Central Chiller/Cogeneration Facility		
1991 Certificates of Participation	188,000	6,310
1993 Refunding Certificates of Participation	186,765	184,705
Research Facilities Revenue Bonds		
1993 Series A	39,865	38,780
1995 Series B	103,680	103,680
Commercial Paper		
Series A	430,000	430,000
Series B	120,000	120,000
Total	<u>\$4,077,715</u>	<u>\$2,902,285</u>